

Message Text

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TO SECSTATE WASHDC 836

C O N F I D E N T I A L QUITO 5001

EXDIS

E.O. 11652: XGDS-2

TAGS: ENRG PFOR EC

SUBJ: ADMIRAL POVEDA ON TEXACO-GULF

REF: QUITO 4958

1. AT A DINNER LAST NIGHT FOR MAJ. GEN BREEDLOVE, DEPUTY CINCSOUTH, WHO IS VISITING HERE, ADMIRAL POVEDA AND I WERE CHATTING ABOUT THE INTERNAL POLITICAL SITUATION WHEN HE HIMSELF RAISED THE SUBJECT OF TEXACO-GULF'S PROBLEMS. HE SAID THAT HE AND HIS COLLEAGUES ON THE SUPREME COUNCIL HAD DECIDED TO TAKE STRONG MEASURES TO CORRECT THE UNFAVORABLE POSITION IN WHICH T-G FINDS ITSELF AS A RESULT OF MISTREATMENT BY THE MINISTRY OF NATIONAL RESOURCES AND CEPE. HE SEEMED INFORMED ON T-G'S VARIOUS PROBLEMS WITH THE GOVERNMENT, E.G. DECREE 285, THE RUTH CARGO, ETC. HE AID HE WAS FED UP WITH THOSE WHO WERE RUNNING PETROLEUM POLICY (READ VARGAS AND HIS ADVISORS) WHO SIMPLY REFUSE TO OBEY ORDERS. HE SIAD THAT AS FAR AS HE WAS CONCERNED THE GOE HAD ENTERED INTO A CONTRACTUAL OBLIGATION WITH T-G AND MUST NOW LIVE UP TO IT. SOVEREIGNTY WAS NO EXCUSE TO BREAK CONTRACTS, HE SAID. ("L" TAKE NOTE).

2. POVEDA SAID HE HAD HAD A LONG MEETING WITH THE OTHER TWO MEMBERS OF THE COUNCIL AND THAT HE HAD INSISTED THAT CORRECTIVE ACTION BE TAKEN. THE SUPREME COUNCIL WAS NOW DETERMINED. IT WILL TAKE A FEW WEEKS, CONFIDENTIAL

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HE SAID, AND THE COMPANIES SHOULD BE PATIENT IN THE

MEANTIME. (HE SEEMED TO IMPLY THAT HE WOULD LIKE ME TO ADVISE THE COMPANIES ACCORDINGLY, ALTHOUGH HE ALSO GAVE THE IMPRESSION THAT HE MIGHT BE DELIVERING THE MESSAGE DIRECTLY TO THEM).

3. WHEN I ASKED IF SUCH A CHANGE IN PETROLEUM POLICY MIGHT NOT AROUSE OPPOSITION FROM CERTAIN ELEMENTS IN THE MILITARY AND THE PUBLIC, POVEDA SAID THAT IT WOULD BUT THAT THE GOVERNMENT WILL JUST HAVE TO FACE UP TO ITS OPPONENTS ON THE ISSUE. HE SEEMED CONFIDENT OF WINNING.

4. IN THE LIGHT OF THIS CONVERSATION, PLEASE DISREGARD REFTEL. I DO NOT PLAN TO INFORM THE LOCAL MANAGERS OF THE TWO COMPANIES OF THIS CONVERSATION. THERE IS TOO MUCH RISK OF LEAKAGE AND I DON'T WANT TO TIP POVEDA'S HAND. THE DEPARTMENT MAY WISH, HOWEVER, TO INFORM LUMKIN AND SHIELDS ON A STRICTLY CONFIDENTIAL BASIS THAT WE HAVE BEEN TOLD BY POVEDA THAT THE COUNCIL PLANS TO TAKE ACTION TO CORRECT THE T-G SITUATION WITHIN THE NEXT SEVERAL WEEKS.
BLOOMFIELD

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